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EXECUTIVE SECRETARIAT**ROUTING SLIP**

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Executive Secretary

14 Feb 86

Date

3637 (10-81)

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Executive Registry
86-0521X/1

February 10, 1986

M-86-15

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

FROM:  James C. Miller III
Director

As you probably know, last Friday a special three-judge panel created by the Balanced Budget and Emergency Deficit Control Act of 1985, more commonly known as the Gramm-Rudman-Hollings Act ("the Act"), declared unconstitutional the procedure by which the fiscal year 1986 deficits were determined and the Presidential sequestration order was issued.

As a result, the question is being asked what effect, if any, does the decision have on the obligation of departments and agencies to implement the budget reductions ordered on February 1, 1986. The answer is none. The Court decision does not relieve anyone of his or her responsibility to implement the budget cuts ordered by the President on February 1, 1986. As required by the Act, the three-judge panel stayed the effective date of its order, pending an appeal to the Supreme Court. That is not expected to occur until after March 1, 1986, the date on which the action ordered by the President is deemed by law to be effective.

Thus, you should proceed to implement the spending reductions outlined in the President's Sequestration Order of February 1, 1986.



L-247-IR

EXECUTIVE SECRETARIAT**ROUTING SLIP**

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Executive Secretary

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WASHINGTON, D.C. 20503

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86- 0521X

February 4, 1986

M-86-14

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: James E. Miller III
Director

SUBJECT: Financial Plans for the Remainder of
Fiscal Year 1986

The Office of Management and Budget is issuing guidance today on agency financial plans for the remainder of fiscal year 1986. This guidance, which is technical in nature and is contained in Supplement No. 1 to Office of Management and Budget Bulletin No. 86-7, deals with reapportionment actions related to the President's order requiring the reduction of budgetary resources in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

I urge you to take a personal interest in the revision of your agency's financial plans for the remainder of this fiscal year. It is essential that these plans:

- reflect the lower operating levels necessary to comply with the President's sequestration order;
- be designed to avoid the need for supplemental appropriations late in the year;
- facilitate the transition to the generally lower levels for fiscal year 1987 and beyond that P.L. 99-177 requires; and, most importantly,
- avoid unnecessary disruptions, particularly of the Federal workforce.

It is the intent of both the Congress and the President that the transition to lower program levels be achieved, to the extent possible, without resorting to furloughs or reductions-in-force of employees. Your cooperation in carrying out this intent is essential.

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Executive Secretary
22 Jan 86
Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 16, 1986

Executive Registry
86- 0237x

BULLETIN NO. 86-7

TO THE HEADS OF FEDERAL DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Implementing the President's Order under the Balanced Budget and Emergency Deficit Control Act

1. Purpose. This Bulletin provides instructions for complying with the President's order, required by the Balanced Budget and Emergency Deficit Control Act of 1985, to take the actions necessary to reduce the budget deficit for fiscal year 1986. Specifically, the Bulletin provides instructions for determining reductions by program, project, and activity and for reporting this information to the Congress. Instructions on reapportionment actions related to the President's order will be provided in another bulletin.

2. Authority. The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), also referred to in this Bulletin as the Act.

3. Background. Working with the agencies, the Directors of the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) have compiled the information necessary to complete the joint report that was submitted to the Comptroller General January 15, 1986. This information was also communicated to the agencies together with instructions for incorporating it into the President's 1987 Budget. It is also contained in Book 2 of the Federal Register for January 15, 1986.

The Comptroller General will review the Directors' report and issue a report to the President and the Congress on January 21, 1986 that confirms or modifies the information reported by the Directors.

The President, on February 1, 1986 will issue an order, to be effective on March 1, 1986, that:

- modifies or suspends the operation of each provision of Federal law that would (but for such order) require an automatic spending increase to take effect during fiscal year 1986, in accordance with the Comptroller General's report; and
- sequesters new budget authority, unobligated balances (for defense accounts and certain administrative expenses only), new loan guarantee commitments, new direct loan obligations, and spending authority, and reduces obligation limitations, in accordance with the Comptroller General's report.



The data included in the OMB-CBO report have been communicated to the agency by its OMB representative. Any adjustments to the initial calculations will be communicated by OMB to the agencies, upon receipt of the Comptroller General's report.

(Note: For purpose of the President's Budget, base amounts included in transmittal code 0 data should be consistent with the OMB base amounts, not the averaged amounts.)

The amounts shown in the OMB-CBO report (see Exhibit A) will be grouped into four categories, as applicable, for each account. They are:

(1) **Budgetary Resources**, which will be the sum of all of the amounts on the following lines shown in the report for the account:

- (a) Budget Authority
- (b) Budget Authority - ASI
- (c) Budget Authority - Spec. Rules
- (d) 401(c) Authority
- (e) 401(c) Authority - ASI
- (f) 401(c) Authority - Offsetting Collection
- (g) Unobligated Balances - Admin.

(2) **Direct Loan Limitation**, which is a separate line in the report.

(3) **Guaranteed Loan Limitation**, which is a separate line in the report.

(4) **Obligation Limitation**, which is a separate line in the report.

Information on programs, projects, and activities will be shown separately for each category described above.

If any part of an account's resources are provided in a 1986 appropriations act (including the last continuing resolution), the PPA's defined in the appropriations acts and accompanying committee reports must be used for this report. For accounts for which no resources are provided in a 1986 appropriations act (including the last continuing resolution), the activities shown in the program by activities section of the 1986 Budget Appendix must be used as the PPA's. If PPA's are not defined for an account, either in a 1986 appropriations act (including the last continuing resolution) or the 1986 Budget Appendix, a single format for Budgetary Resources (as described below) will be submitted. This format should include all of the identifying information and show "No programs, projects, or activities" typed in the middle of the page.

The formats must be uniform and suitable for presentation to the Congress on behalf of the President. The following formatting rules must be followed strictly:

- Begin each account on a new format.
- Begin each category (budgetary resources, direct loan limitation, guaranteed loan limitation, obligation limitation) on a new format.
- Where the number of PPA's dictates more than one page for any category, type "(continuation)" following the account title on the succeeding pages and "(continued)" centered at the bottom of the preceeding page.
- Use 10 pitch letter quality type (not dot matrix).
- Number each page pertaining to an account consecutively (without regard to category) in the style "Page 1 of 10."

6. Timing. An advance copy of each format prescribed in section 5 must be submitted to OMB representatives not later than **Wednesday, January 22, 1986**. Final copies of the formats must be submitted to the Congress, the Comptroller General, and OMB, as specified in section 5, on **Saturday, February 1, 1986**. The final versions must reflect amounts and categories approved by OMB.

7. Public Release. No general distribution of the agency material by OMB is planned, although the Congress may make the material available as House or Senate documents. Therefore, requests for copies of the agency materials required by the Act for the Presidential order will be referred to individual agencies, which should be prepared to supply them.

8. Inquires. Agencies should contact their OMB representative.


James C. Miller III
Director

Attachments

Exhibit A

OMB Central Budget Management System
BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985
SEQUESTRATION REPORT
(FY 1986 dollars in thousands)
Percentages Used: Non-Defense - 4.3, Defense - 4.9

Page 30

<u>Account title, Category</u>	<u>Sequester Baseline</u>			<u>Sequester</u>
	<u>OMB</u>	<u>CBO</u>	<u>Average</u>	
<u>Commercial Revolving Fund</u> (05-66-4023-X-3-351-A; 12-3635)				
			<u>Budgetary Resources</u>	
Budget Authority	1,000,000	1,000,000	1,000,000	43,000
401(c) Authority	17,223,438	18,582,438	17,902,938	
401(c) Authority - ASI	10,300	10,300	10,300	
Direct Loan Limitation	15,000,000	11,690,000	13,345,000	573,835
Guaranteed Loan Limitation	5,500,000	5,500,000	5,500,000	236,500
Obligation limitation	2,000	2,500	2,250	97
Outlays	18,233,738	19,592,738	18,913,238	823,126

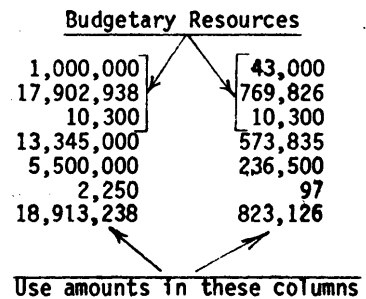


Exhibit B

Page 1 of 5

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Department of Government

Account Title: 1/ Commercial Revolving Fund

Account ID code: 1/ 05-66-4023-X-3-351-A; 12-3635

Source: House Report 99-999

<u>Program, project, activity</u>	<u>Budgetary Resources</u>	
	<u>Base</u>	<u>Sequester</u>
1. [PPA title]	2,500,000	107,500
2.	1,374,400	59,099
3.	2,782,250	119,637
4.	1,985,175	85,363
5.	1,155,000	49,665
6.	450,000	19,350
7.	395,670	17,014
8.	1,850,250	79,561
9.	254,750	10,954
10.	208,898	8,983

(continued)

Page 2 of 5Agency: Department of GovernmentAccount Title: 1/ Commercial Revolving Fund (continuation)Account ID code: 1/ 05-66-4023-X-3-351-A; 12-3635Source: House Report 99-999

<u>Program, project, activity</u>	<u>Budgetary Resources</u>	
	<u>Base</u>	<u>Sequester</u>
11.	1,000,000	43,000
12.	4,946,545	212,701
13. [ASI Activity]	10,300	10,300
Total	<u>18,913,238</u> <u>2/</u>	<u>823,126</u> <u>2/</u>

1/ Use the account title and the identification code shown in the OMB-CBO report.

2/ These amounts must agree with the OMB-CBO report of January 15, 1986. Details may not add to total due to rounding.

Exhibit C

Page 3 of 5

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Department of Government

Account Title: 1/ Commercial Revolving Fund

Account ID code: 1/ 05-66-4023-X-3-351-A; 12-3635

Source: House Report 99-999

<u>Program, project, activity</u>	<u>Direct Loan Limitation</u>	
	<u>Base</u>	<u>Sequester</u>
1. [PPA title]	4,405,500	189,437
2.	200,000	8,600
3.	2,250,000	96,750
4.	644,500	27,714
5.	5,845,000	251,335
6.		
7.		
8.		
9.		
10. Total	<u>13,345,000</u> <u>2/</u>	<u>573,845</u> <u>2/</u>

1/ Use the account title and the identification code shown in the OMB-CBO report.

2/ These amounts must agree with the OMB-CBO report of January 15, 1986. Details may not add to total due to rounding.

Exhibit D

Page 4 of 5

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Department of Government

Account Title: 1/ Commercial Revolving Fund

Account ID code: 1/ 05-66-4023-X-3-351-A; 12-3635

Source: House Report 99-999

<u>Program, project, activity</u>	<u>Guaranteed Loan Limitation</u>	
	<u>Base</u>	<u>Sequester</u>
1. [PPA title]	5,475,000	235,425
2.	25,000	1,075
3.		
4.		
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9.		
10. Total	5,500,000 <u>2/</u>	236,500 <u>2/</u>

1/ Use the account title and the identification code shown in the OMB-CBO report.

2/ These amounts must agree with the OMB-CBO report of January 15, 1986. Details may not add to total due to rounding.

Exhibit E

Page 5 of 5

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: Department of Government

Account Title: 1/ Commercial Revolving Fund

Account ID code: 1/ 05-66-4023-X-3-351-A; 12-3635

Source: House Report 99-999

<u>Program, project, activity</u>	<u>Obligation</u> <u>Base</u>	<u>Limitation</u> <u>Sequester</u>
1. [PPA title]	2,250	97
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10. Total	<u>2,250</u> <u>2/</u>	<u>97</u> <u>2/</u>

-
- 1/ Use the account title and the identification code shown in the OMB-CBO report.
- 2/ These amounts must agree with the OMB-CBO report of January 15, 1986. Details may not add to total due to rounding.

Page _ of _

PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: _____

Account Title: _____

Account ID code: _____

Source: _____

<u>Program, project, activity</u>	<u>Budgetary Resources</u>	
	<u>Base</u>	<u>Sequester</u>
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PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: _____

Account Title: _____

Account ID code: _____

Source: _____

<u>Program, project, activity</u>	<u>Direct Loan Limitation</u>	
	<u>Base</u>	<u>Sequester</u>
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PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: _____

Account Title: _____

Account ID code: _____

Source: _____

<u>Program, project, activity</u>	<u>Guaranteed Loan Limitation</u>	<u>Base</u>	<u>Sequester</u>
1.			
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PROGRAM, PROJECT, ACTIVITY DETAIL
(\$000)

Agency: _____

Account Title: _____

Account ID code: _____

Source: _____

<u>Program, project, activity</u>	<u>Obligation</u>	<u>Limitation</u>
	<u>Base</u>	<u>Sequester</u>
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